



CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
THIRD QUARTER AND FIRST NINE MONTHS OF 2007  
(UNAUDITED)

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Website	<a href="http://www.eestiehitus.ee">www.eestiehitus.ee</a>
Core activity	General construction of buildings and civil engineering works (4521)
Financial year	1 January 2007 – 31 December 2007
Reporting period	1 January 2007 - 30 September 2007
Supervisory board members	Toomas Luman, Alar Kroodo, Ain Tromp, Mait Schmidt, Tiina Mõis, Meelis Milder
Management board members	Jaano Vink, Avo Ambur, Erkki Suurorg, Sulev Luiga, Priit Pluutus
Auditor	KPMG Baltics AS

## Contents

DIRECTORS' REPORT.....	3
STATEMENT OF MANAGEMENT'S RESPONSIBILITY.....	7
CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	8
CONSOLIDATED INTERIM BALANCE SHEET.....	8
CONSOLIDATED INTERIM INCOME STATEMENT.....	10
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS.....	12
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY.....	13
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	15
NOTE 1. Significant accounting policies.....	15
NOTE 2. Short-term investments.....	15
NOTE 3. Other receivables and prepayments.....	15
NOTE 4. Inventories.....	16
NOTE 5. Long-term investments.....	16
NOTE 6. Property, plant and equipment and intangible assets.....	17
NOTE 7. Finance and operating leases.....	17
NOTE 8. Interest-bearing loans and borrowings.....	18
NOTE 9. Other payables and advances received.....	18
NOTE 10. Provisions.....	19
NOTE 11. Equity.....	19
NOTE 12. Interests in joint ventures.....	20
NOTE 13. Segment reporting.....	21
NOTE 14. Cost of sales.....	22
NOTE 15. Administrative expenses.....	23
NOTE 16. Other operating income and expenses.....	23
NOTE 17. Financial income and expenses.....	23
NOTE 18. Income tax expense.....	24
NOTE 19. Transactions with related parties.....	24
NOTE 20. Subsequent events.....	25
SIGNATURES.....	26

## Directors' report

AS Eesti Ehitus is a group of construction companies whose core business is general contracting and construction management. The Group is engaged in the construction of buildings and structures in Estonia, Latvia, Lithuania and Ukraine. In addition, in Estonia our companies act as independent contractors in road construction and maintenance, environmental engineering, the assembly of reinforced concrete elements, and the performance of cast-on-site concrete works. The parent of the Group is AS Eesti Ehitus, a company registered and located in Tallinn, Estonia. Since 18 May 2006 the company's shares have been quoted in the main list of Tallinn Stock Exchange.

**Mission** We are committed to providing premier value-added design and construction services by creating a successful partnership with our customers.

We seek to add value to the company by recognising our employees and providing them with clear motivation, development opportunities and a contemporary work environment.

**Vision** We strive to be a construction group which can always surpass the customer's expectations.

### Shared values

**Quality** We are professionals – we apply appropriate and effective construction techniques and technologies and observe generally accepted quality standards. We provide our customers with integrated cost efficient solutions. We are environmentally aware and operate sustainably.

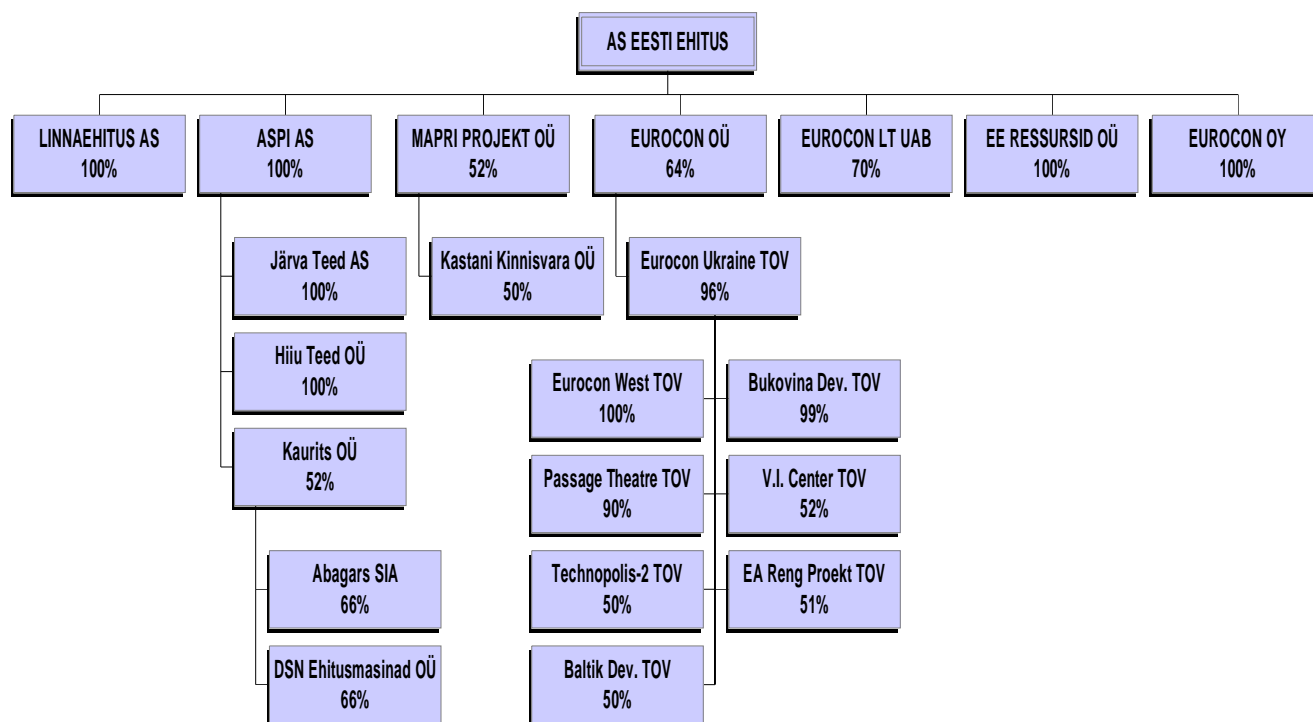
We value our employees by providing them with a modern work environment which encourages creativity and a motivation system which fosters initiative.

**Reliability** We always keep our promises and honour our agreements. We act openly and transparently. We consistently support and promote the best construction practices. We do not take risks at the expense of our customers.

**Innovation** We are innovative and creative engineers. We take maximum advantage of the benefits offered by information technology. We inspire our employees to grow through consistent training and balanced career opportunities.

## THE GROUP'S STRUCTURE

At 30 September 2007, the structure of AS Eesti Ehitus Group was the following:



The unaudited consolidated financial statements of AS Eesti Ehitus for the nine months ended 30 September 2007 comprise the results of the parent and its subsidiaries and the Group's interests in associates:

**Direct and indirect ownership interests of AS Eesti Ehitus:**

<b>Company</b>		<b>30 September 2007</b>	<b>30 September 2006</b>	<b>31 December 2006</b>
AS Linnaehitus	Estonia	100.0%	100.0%	100.0%
AS Aspi	Estonia	100.0%	100.0%	100.0%
AS Järva Teed	Estonia	100.0%	100.0%	100.0%
OÜ Hiiu Teed	Estonia	100.0%	100.0%	100.0%
OÜ Mapri Projekt	Estonia	52.0%	52.0%	52.0%
Estcon OY	Finland	100.0%	100.0%	100.0%
OÜ EE Ressursid	Estonia	100.0%	100.0%	100.0%
UAB Eurocon LT	Lithuania	70.0%	0.0%	0.0%
OÜ Eurocon	Estonia	64.0%	64.0%	64.0%
TOV Eurocon Ukraine	Ukraine	61.4%	61.4%	61.4%
TOV Eurocon West	Ukraine	61.4%	61.4%	61.4%
TOV Bukovina Developments	Ukraine	60.8%	60.8%	60.8%
TOV Passage Theatre	Ukraine	55.3%	61.4%	55.3%
OÜ Kaurits	Estonia	52.0%	0.0%	52.0%
OÜ DSN Ehitusmasinad	Estonia	34.3%	0.0%	0.0%
SIA Abagars	Latvia	34.3%	0.0%	34.3%
TOV V.I. Center	Ukraine	32.0%	41.0%	38.7%
TOV EA Reng Proekt	Ukraine	31.3%	0.0%	31.3%
TOV Technopolis-2	Ukraine	30.7%	30.7%	30.7%
TOV Baltik Development	Ukraine	30.7%	0.0%	0.0%
OÜ Kastani Kinnisvara	Estonia	26.0%	26.0%	26.0%

The parent and AS Linnaehitus are engaged in general contracting and project management. AS Aspi and its subsidiaries build environmental structures and roads and provide road maintenance services. Over two thirds of the revenue of OÜ Mapri Projekt results from concrete works; in addition, the company performs project management and general construction contracts. OÜ Eurocon coordinates the Group's construction and development activities in Ukraine. Its direct subsidiary TOV Eurocon Ukraine is engaged in general contracting and project management. Other Ukrainian entities are project companies which develop real estate in and around Kiev, and in Lvov.

In the first nine months of 2007, the Group's structure changed as follows:

- In February, an 11% stake in TOV V.I. Center was sold to Continental Investment Holding GmbH, a non-group company. Considering minority interests in OÜ Eurocon and TOV Eurocon Ukraine, the transaction reduced AS Eesti Ehitus' interest in TOV V.I. Center to 32%.
- In April, a new development company, TOV Baltik Development, was established in Ukraine in association with the Dutch company Vicus Realty Delta B.V. Taking into account minority interests in OÜ Eurocon and TOV Eurocon Ukraine, AS Eesti Ehitus' interest in the new entity is 30.7%.
- In June, a subsidiary, UAB Eurocon LT, was founded in Lithuania. In September, a 30% interest in the entity was sold to the Lithuanian company UAB Eurox LT.
- In July, the Group divested of its shareholding in the Ukrainian joint venture TOV Eurobeton.
- In August, OÜ Kaurits acquired a 66% majority interest in OÜ DSN Ehitusmasinad. OÜ Kaurits is a 52% subsidiary of AS Aspi which is a wholly-owned subsidiary of AS Eesti Ehitus.

The accounts of OÜ Kaurits have been consolidated since the beginning of the financial year and the accounts of OÜ DSN Ehitusmasinad since August 2007. The consolidation of TOV Eurobeton ceased as of the month of its divestment. After the balance sheet date, AS Eesti Ehitus conditionally acquired a 52% stake in AS Eston Ehitus. When the acquisition takes effect, the fourth quarter results of AS Eston Ehitus will be consolidated.

## EMPLOYEES AND PERSONNEL EXPENSES

In the first nine months of 2007, the Group employed, on average, 1088 people. The proportion of engineers and technical personnel (ETP) was 38% (nine months 2006: 37%). Personnel expenses totalled 297.1 million kroons (€19 million), a 74% increase year-over-year while the average number of staff grew 27% year-over-year. The rise in personnel expenses may be explained by stiff competition in the labour market and the acquisition of subsidiaries.

### Average number of the Group's employees

Period	ETP	Workers	Total average
9 months 2007	413	675	<b>1088</b>
9 months 2006	317	540	<b>857</b>
2006	329	542	<b>871</b>

## REVENUE AND SEGMENTS

Consolidated revenues for the nine months ended 30 September 2007 totalled 2,659.4 million kroons (€170 million), a strong 51% improvement on a year ago. Similarly to a year ago, the Residential and non-residential segment contributed 52% (72% up on a year ago) and the Civil engineering segment 48% (63% growth) of the total.

### Revenue by segments

Business segments	9 months 2007	9 months 2006	2006
Civil engineering	48%	44%	46%
Residential and non-residential	52%	56%	54%

Commercial buildings remains the Residential and non-residential segment's largest sub-segment, largely on account of strong demand in the home market. Compared with the first nine months of 2006, the highest growth rate was posted by the Public buildings sub-segment.

### Revenue allocation in the Residential and non-residential segment

non-residential segment	9 months 2007	9 months 2006	2006
Residential buildings	17%	11%	17%
Public buildings	20%	17%	18%
Commercial buildings	53%	47%	41%
Industrial and warehouse facilities	10%	25%	24%

In Civil engineering, the largest sub-segment was Port construction, which contributed 497.9 million kroons (€1.8 million), i.e. 19% of total construction contract revenues. A year ago the contribution of Port construction was only 48.6 million kroons (€3.1 million) or 3%. Road construction and maintenance generated revenues of 467.5 million (€29.9 million), i.e. 18% of total construction contract revenues, against 498.9 million kroons (€31.9 million) and 28% a year ago.

At 30 September 2007, the Group's order backlog was 3,161 million kroons (€202 million) against 2,201 million kroons (€140.7 million) a year ago.

## PROFITABILITY AND CASH FLOWS

In the first nine months of 2007, the Group's year-on-year profitability improved consistently.

The period's gross margin was 13% (nine months 2006: 11%). Although personnel expenses grew more rapidly than revenue, other expenses increased at a slower pace. Compared with a year ago, the ratio of administrative expenses to revenue remained more or less stable at above 4%. The period's operating margin was 9% (nine months 2006: 8%).

Unaudited consolidated net profit for the first nine months of 2007 amounted to an exceptional 209 million kroons (€13 million) against the 116 million kroons (€7 million) earned a year ago. The profit attributable to equity holders of the parent amounted to 196 million kroons (over €12 million) against 114 million kroons (€7 million) for the first nine months of 2006.

The period's cash inflows and outflows were more or less equal. A year ago, the net cash flow was negative to the extent of 51 million kroons (approx. €3 million). The Group's cash position has improved, above all, on account of positive operating cash flows (29 million kroons or approx. €2 million). In the first nine months of 2006 operating cash flows were negative to the extent of 22 million kroons (€1 million).

## SIGNIFICANT RATIOS AND FIGURES

Ratio /figure	9 months 2007	9 months 2006	2006
Weighted average number of shares	30,756,728	30,756,728	30,756,728
Earnings per share (in kroons)	6.38	3.72	5.69
Revenue growth	50.7%	39.7%	49.5%
Average number of employees	1088	857	871
Revenue per employee (in thousands of kroons)	2,444	2,059	2,875
Personnel expenses to revenue, %	11.2%	9.7%	11.0%
Administrative expenses to revenue, %	4.5%	4.2%	5.0%
EBITDA (in thousands of kroons)	277,622	165,432	234,368
EBITDA margin, %	10.4%	9.4%	9.4%
Gross margin, %	13.0%	10.9%	12.2%
Operating margin, %	8.7%	8.1%	8.1%
Operating margin excluding gains on property sales, %	8.4%	6.6%	7.0%
Net margin, %	7.9%	6.6%	7.5%
Return on invested capital, %	26.5%	24.8%	33.7%
Return on assets, %	13.6%	12.2%	17.4%
Return on equity, %	36.9%	39.6%	56.1%
Equity ratio, %	32.0%	28.3%	34.9%
Gearing, %	23.6%	16.6%	14.6%
Current ratio	1.38	1.27	1.33
Order backlog (in thousands of kroons)	3,161,956	2,200,663	2,453,419

\* For comparability the weighted average number of shares is the number of shares after the bonus issues.

*Revenue per employee = revenue / average number of employees*

*Personnel expenses to revenue = personnel expenses / revenue*

*Administrative expenses to revenue = administrative expenses / revenue*

*EBITDA = earnings before interest, taxes, depreciation and amortisation*

*EBITDA margin = EBITDA / revenue*

*Gross margin = gross profit / revenue*

*Operating margin = operating profit / revenue*

*Operating margin excluding gains on property sales = (operating profit - gains on sale of property, plant and equipment - gains on sale of real estate) / revenue*

*Net margin = net profit for the period / revenue*

*Return on invested capital = (profit before tax + interest expense) / the period's average (interest-bearing liabilities + equity)*

*Return on assets = operating profit / average total assets for the period*

*Return on equity = net profit for the period / average total equity for the period*

*Equity ratio = total equity / total equity and liabilities*

*Gearing = (interest-bearing liabilities - cash and cash equivalents) / (interest bearing liabilities + equity)*

*Current ratio = total current assets / total current liabilities*

## Statement of management's responsibility

The board of AS Eesti Ehitus acknowledges its responsibility for the preparation of the Group's consolidated interim financial statements for the third quarter and first nine months of 2007 and confirms that:

- The policies applied in the preparation of the consolidated interim financial statements comply with International Financial Reporting Standards as adopted by the European Union.
- The consolidated interim financial statements give a true and fair view of the financial position of the Group and of the results of its operations and its cash flows.
- All significant events that occurred before the date on which the consolidated interim financial statements were authorised for issue (31 October 2007) have been properly recognised and disclosed.
- AS Eesti Ehitus and its subsidiaries are going concerns.

Jaano Vink	Chairman of the Board	 .....	31.10.2007
Sulev Luiga	Member of the Board	 .....	31.10.2007
Erkki Suurorg	Member of the Board	 .....	31.10.2007
Avo Ambur	Member of the Board	 .....	31.10.2007
Priit Pluutus	Member of the Board	 .....	31.10.2007

## Consolidated interim financial statements

### Consolidated interim balance sheet

Unaudited, in thousands of kroons (EEK)	Note	30 Sept 2007	30 Sept 2006	31 Dec 2006
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		155,646	140,708	155,980
Short-term investments	2	0	0	2,140
Trade receivables		646,376	483,845	380,841
Other receivables and prepayments	3	229,007	169,990	129,663
Deferred tax assets		1,015	0	1,015
Inventories	4	477,525	261,340	272,184
<b>Total current assets</b>		<b>1,509,569</b>	<b>1,055,883</b>	<b>941,823</b>
<b>Non-current assets</b>				
Investments in associates	5	32,603	6,001	21,193
Other long-term investments	5	27,829	24,107	32,951
Investment property		7,524	5,975	5,963
Property, plant and equipment	6	266,998	151,006	223,674
Intangible assets	6	167,479	157,295	165,036
<b>Total non-current assets</b>		<b>502,433</b>	<b>344,384</b>	<b>448,817</b>
<b>TOTAL ASSETS</b>		<b>2,012,002</b>	<b>1,400,267</b>	<b>1,390,640</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	130,699	79,607	70,029
Trade payables		431,171	296,009	183,983
Tax liabilities		35,699	45,129	42,922
Other payables and advances	9	485,287	410,001	404,819
Provisions	10	10,633	2,340	4,511
<b>Total current liabilities</b>		<b>1,093,489</b>	<b>833,086</b>	<b>706,264</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	271,861	167,738	196,017
Other liabilities	9	490	490	490
Provisions	10	1,697	2,047	1,885
<b>Total non-current liabilities</b>		<b>274,048</b>	<b>171,579</b>	<b>198,392</b>
<b>TOTAL LIABILITIES</b>		<b>1,367,537</b>	<b>1,004,665</b>	<b>904,656</b>
<b>EQUITY</b>				
<b>Minority interest</b>				
		<b>51,666</b>	<b>11,236</b>	<b>39,291</b>
Share capital	11	307,567	153,784	153,784
Share premium	11	0	108,465	108,465
Statutory capital reserve		11,666	4,158	4,158
Translation reserve		3,480	1,333	2,196
Retained earnings	11	270,086	116,626	178,090
<b>Total equity attributable to equity holders of the parent</b>		<b>592,799</b>	<b>384,366</b>	<b>446,693</b>
<b>TOTAL EQUITY</b>		<b>644,465</b>	<b>395,602</b>	<b>485,984</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,012,002</b>	<b>1,400,267</b>	<b>1,390,640</b>



## Consolidated interim balance sheet

Unaudited, in thousands of euro (€)	Note	30 Sept 2007	30 Sept 2006	31 Dec 2006
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		9,948	8,993	9,969
Short-term investments	2	0	0	137
Trade receivables		41,311	30,923	23,340
Other receivables and prepayments	3	14,636	10,864	8,287
Deferred tax assets		65	0	65
Inventories	4	30,519	16,703	17,395
<b>Total current assets</b>		<b>96,479</b>	<b>67,483</b>	<b>60,193</b>
<b>Non-current assets</b>				
Investments in associates	5	2,084	384	1,354
Other long-term investments	5	1,779	1,541	2,106
Investment property		481	382	382
Property, plant and equipment	6	17,064	9,651	14,295
Intangible assets	6	10,704	10,053	10,548
<b>Total non-current assets</b>		<b>32,111</b>	<b>22,010</b>	<b>28,685</b>
<b>TOTAL ASSETS</b>		<b>128,590</b>	<b>89,493</b>	<b>88,878</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	8,353	5,088	4,476
Trade payables		27,557	18,918	11,759
Tax liabilities		2,282	2,884	2,743
Other payables and advances	9	31,015	26,204	25,873
Provisions	10	680	150	288
<b>Total current liabilities</b>		<b>69,887</b>	<b>53,244</b>	<b>45,138</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	17,375	10,720	12,528
Other liabilities	9	31	115	31
Provisions	10	108	131	120
<b>Total non-current liabilities</b>		<b>17,515</b>	<b>10,966</b>	<b>12,680</b>
<b>TOTAL LIABILITIES</b>		<b>87,402</b>	<b>64,210</b>	<b>57,818</b>
<b>EQUITY</b>				
<b>Minority interest</b>		<b>3,302</b>	<b>718</b>	<b>2,511</b>
Share capital	11	19,657	9,829	9,829
Share premium	11	0	6,932	6,932
Statutory capital reserve		746	266	266
Translation reserve		222	85	140
Retained earnings	11	17,262	7,454	11,382
<b>Total equity attributable to equity holders of the parent</b>		<b>37,887</b>	<b>24,565</b>	<b>28,549</b>
<b>TOTAL EQUITY</b>		<b>41,189</b>	<b>25,284</b>	<b>31,060</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>128,590</b>	<b>89,493</b>	<b>88,878</b>

### Consolidated interim income statement

Unaudited in thousands of kroons (EEK)	Note	Q3, 2007	Q3, 2006	9 months 2007	9 months 2006	2006
Revenue	13	1,139,833	838,409	2,659,415	1,764,923	2,503,844
Cost of sales	14	1,009,163	738,445	2,312,493	1,572,832	2,197,319
Gross profit		130,670	99,964	346,922	192,091	306,525
Administrative expenses	15	46,138	28,247	118,616	74,178	125,739
Other operating income	16	2,085	889	8,624	27,029	26,859
Other operating expenses	16	1,749	1,563	5,927	2,777	5,108
Operating profit before financial items		84,868	71,043	231,003	142,165	202,537
Financial income	17	3,155	2,175	16,364	4,829	18,393
Financial expenses	17	10,457	5,040	22,458	14,137	19,046
Net financial items		-7,302	-2,865	-6,094	-9,308	-653
Share of profit of equity accounted investees		599	0	1,593	0	0
Share of loss of equity accounted investees		685	-1,202	-241	-1,580	-980
Net share of profit and loss of equity accounted investees		1,284	-1,202	1,352	-1,580	-980
Profit before income tax		78,850	66,976	226,261	131,277	200,904
Income tax expense	18	-41	4,625	17,426	15,426	12,831
Profit for the period		78,891	62,351	208,835	115,851	188,073
Attributable to						
Equity holders of the parent		72,432	59,626	196,310	114,368	175,003
Minority interest		6,459	2,725	12,525	1,483	13,070
Basic earnings per share (in kroons)*	11	2.35	1.94	6.38	3.72	5.69
Diluted earnings per share (in kroons)*	11	2.35	1.94	6.38	3.72	5.69

\* For comparability, the weighted average number of shares used is the number of shares after the bonus issues, i.e. 30,756,728 shares.

### Consolidated interim income statement

Unaudited in thousands of euro (€)	Note	Q3, 2007	Q3, 2006	9 months 2007	9 months 2006	2006
Revenue	13	72,849	53,584	169,968	112,799	160,025
Cost of sales	14	64,497	47,195	147,795	100,522	140,434
Gross profit		8,351	6,389	22,172	12,277	19,591
Administrative expenses	15	2,949	1,805	7,581	4,741	8,036
Other operating income	16	133	57	551	1,727	1,716
Other operating expenses	16	112	100	379	177	326
Operating profit before financial items		5,424	4,540	14,767	9,086	12,944
Financial income	17	202	139	1,046	309	1,176
Financial expenses	17	668	322	1,435	904	1,217
Net financial items		-467	-183	-389	-595	-42
Share of profit of equity accounted investees		38	0	102	0	0
Share of loss of equity accounted investees		44	-77	-15	-101	-63
Net share of profit and loss of equity accounted investees		82	-77	87	-101	-63
Profit before income tax		5,039	4,281	14,461	8,390	12,840
Income tax expense	18	-3	296	1,114	986	820
Profit for the period		5,042	3,985	13,347	7,404	12,020
Attributable to						
Equity holders of the parent		4,629	3,811	12,546	7,309	11,185
Minority interest		413	174	800	95	835
Basic earnings per share (in kroons)*	11	0.15	0.12	0.41	0.24	0.36
Diluted earnings per share (in kroons)*	11	0.15	0.12	0.41	0.24	0.36

\* For comparability, the weighted average number of shares used is the number of shares after the bonus issues, i.e. 30,756,728 shares.

### Consolidated interim statement of cash flows

In thousands	EEK		€	
	9 months 2007	9 months 2006	9 months 2007	9 months 2006
<b>Cash flows from operating activities</b>				
Cash receipts from customers	2,917,838	1,770,087	186,484	113,129
Cash paid to suppliers	-2,556,016	-1,593,649	-163,359	-101,853
Cash paid to and for employees	-315,072	-182,229	-20,137	-11,647
Income taxes paid	-18,028	-16,013	-1,152	-1,023
<b>Net cash from / used in operating activities</b>	<b>28,722</b>	<b>-21,804</b>	<b>1,836</b>	<b>-1,394</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment and intangible assets	-30,401	-21,714	-1,943	-1,388
Proceeds from sale of property, plant and equipment and intangible assets	15,500	10,941	991	699
Proceeds from sale of investment property	0	39,211	0	2,506
Acquisition of subsidiaries	-30,219	-27,504	-1,931	-1,758
Proceeds from sale of subsidiaries	656	644	42	41
Proceeds from sale of associates	10,499	0	671	0
Other investments	-3,670	0	-235	0
Loans granted	-17,304	-17,073	-1,106	-1,090
Repayment of loans granted	53,027	4,492	3,389	287
Interest received	10,819	2,163	691	138
<b>Net cash from / used in investing activities</b>	<b>8,907</b>	<b>-8,840</b>	<b>569</b>	<b>-565</b>
<b>Cash flows from financing activities</b>				
Share issue	0	130,438	0	8,337
Proceeds from loans received	135,553	24,782	8,663	1,584
Repayment of loans received	-66,437	-108,906	-4,246	-6,960
Dividends paid	-52,135	-32,160	-3,332	-2,055
Payment of finance lease liabilities	-47,942	-21,034	-3,064	-1,344
Interest paid	-17,898	-12,984	-1,144	-830
Other payments made	10,916	-782	698	-50
<b>Net cash used in financing activities</b>	<b>-37,943</b>	<b>-20,646</b>	<b>-2,425</b>	<b>-1,320</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-314</b>	<b>-51,290</b>	<b>-20</b>	<b>-3,278</b>
Cash and cash equivalents at beginning of period	155,980	192,490	9,969	12,302
Effect of exchange rate fluctuations	-20	-491	-1	-31
Decrease in cash and cash equivalents	-314	-51,290	-21	-3,278
Cash and cash equivalents at end of period	155,646	140,709	9,948	8,993

### Consolidated interim statement of changes in equity

In thousands of kroons (EEK)	Equity attributable to equity holders of the parent						Minority interest	Total
	Share capital	Share premium	Statutory capital reserve	Other reserves	Retained earnings	Total		
<b>Balance at 31 December 2005</b>	<b>34,819</b>	<b>8,192</b>	<b>4,158</b>	<b>795</b>	<b>128,987</b>	<b>176,951</b>	<b>12,257</b>	<b>189,208</b>
Foreign exchange differences	0	0	0	538	0	538	212	750
Profit for the period	0	0	0	0	114,368	114,368	1483	115,851
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>538</b>	<b>114,368</b>	<b>114,906</b>	<b>1,695</b>	<b>116,601</b>
Dividends declared	0	0	0	0	-30,000	-30,000	-2160	-32,160
Issue of share capital	118,965	100,273	0	0	-96,265	122,973	0	122,973
Transfer to capital reserve	0	0	0	0	0	0	0	0
Changes in minority interest	0	0	0	0	-464	-464	-556	-1,020
<b>Balance at 30 September 2006</b>	<b>153,784</b>	<b>108,465</b>	<b>4,158</b>	<b>1,333</b>	<b>116,626</b>	<b>384,366</b>	<b>11,236</b>	<b>395,602</b>

	Equity attributable to equity holders of the parent						Minority interest	Total
	Share capital	Share premium	Statutory capital reserve	Other reserves	Retained earnings	Total		
<b>Balance at 31 December 2006</b>	<b>153,784</b>	<b>108,465</b>	<b>4,158</b>	<b>2,196</b>	<b>178,090</b>	<b>446,693</b>	<b>39,291</b>	<b>485,984</b>
Foreign exchange differences	0	0	0	1,284	0	1,284	816	2,100
Profit for the period	0	0	0	0	196,310	196,310	12,525	208,835
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,284</b>	<b>196,310</b>	<b>197,594</b>	<b>13,341</b>	<b>210,935</b>
Dividends declared	0	0	0	0	-46,135	-46,135	-6,000	-52,135
Issue of share capital	153,783	-108,465	0	0	-45,318	0	0	0
Transfer to capital reserve	0	0	7,508	0	-7,508	0	0	0
Changes in minority interest	0	0	0	0	-5,353	-5,353	5,034	-319
<b>Balance at 30 September 2007</b>	<b>307,567</b>	<b>0</b>	<b>11,666</b>	<b>3,480</b>	<b>270,086</b>	<b>592,799</b>	<b>51,666</b>	<b>644,465</b>

### Consolidated interim statement of changes in equity

In thousands of euro (€)	Equity attributable to equity holders of the parent						Minority interest	Total
	Share capital	Share premium	Statutory capital reserve	Other reserves	Retained earnings	Total		
<b>Balance at 31 December 2005</b>	<b>2,225</b>	<b>524</b>	<b>266</b>	<b>51</b>	<b>8,244</b>	<b>11,309</b>	<b>783</b>	<b>12,093</b>
Foreign exchange differences	0	0	0	34	0	34	14	48
Profit for the period	0	0	0	0	7,309	7,309	95	7,404
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>7,309</b>	<b>7,343</b>	<b>109</b>	<b>7,452</b>
Dividends declared	0	0	0	0	-1,917	-1,917	-138	-2,055
Issue of share capital	8,079	6,407	0	0	-6,152	7,860	0	7,860
Transfer to capital reserve	0	0	0	0	0	0	0	0
Changes in minority interest	0	0	0	0	-30	-30	-36	-66
<b>Balance at 30 September 2006</b>	<b>9,829</b>	<b>6,932</b>	<b>266</b>	<b>85</b>	<b>7,454</b>	<b>24,565</b>	<b>718</b>	<b>25,284</b>
<b>Balance at 31 December 2006</b>	<b>9,829</b>	<b>6,932</b>	<b>266</b>	<b>140</b>	<b>11,382</b>	<b>28,549</b>	<b>2,511</b>	<b>31,060</b>
Foreign exchange differences	0	0	0	82	0	82	52	134
Profit for the period	0	0	0	0	12,546	12,546	800	13,347
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>12,546</b>	<b>12,628</b>	<b>852</b>	<b>13,481</b>
Dividends declared	0	0	0	0	-2,948	-2,948	-383	-3,332
Issue of share capital	9,829	-6,932	0	0	-2,896	0	0	0
Transfer to capital reserve	0	0	480	0	-480	0	0	0
Changes in minority interest	0	0	0	0	-342	-342	322	-20
<b>Balance at 30 September 2007</b>	<b>19,657</b>	<b>0</b>	<b>746</b>	<b>222</b>	<b>17,262</b>	<b>37,887</b>	<b>3,302</b>	<b>41,189</b>

## Notes to the consolidated interim financial statements

### NOTE 1. Significant accounting policies

AS Eesti Ehitus is a company registered in Estonia. Since 18 May 2006 the shares of AS Eesti Ehitus have been listed at Tallinn Stock Exchange; 61.15% of the shares are held by AS Nordecon.

The consolidated interim financial statements for the nine months ended 30 September 2007 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union. The interim financial statements have been prepared using the same accounting policies that were applied on the preparation of the consolidated financial statements for the year ended 31 December 2006.

According to management's assessment, the consolidated interim financial statements of AS Eesti Ehitus for the first nine months of 2007 give a true and fair view of the Group's result of operations and all group entities are going concerns. The interim financial statements have not been audited or otherwise checked by auditors and they contain only the consolidated financial statements of the Group.

These consolidated interim financial statements are presented in thousands of Estonian kroons (EEK) and in thousands of euro (€), unless indicated otherwise. According to the quotation of Eesti Pank (Bank of Estonia), the Estonian kroon – euro exchange rate is 15.6466 kroons to 1 euro.

### NOTE 2. Short-term investments

In thousands	EEK		€	
	30 Sept 2007	31 Dec 2006	30 Sept 2007	31 Dec 2006
Other shares	0	2,140	0	137
<b>Total short-term investments</b>	<b>0</b>	<b>2,140</b>	<b>0</b>	<b>137</b>

The Group sold the shares for 8,449,000 kroons (€540,000) on 13 February 2007. Transaction gains of 6,309,000 kroons (€403,000) have been recognised in financial income.

### NOTE 3. Other receivables and prepayments

In thousands	EEK		€	
	30 Sept 2007	31 Dec 2006	30 Sept 2007	31 Dec 2006
Receivables from the parent and other group companies	34,203	10,202	2,186	652
Receivables from associates	33,304	24,542	2,129	1,569
Miscellaneous receivables	54,754	16,412	3,499	1,049
Due from customers for contract work	71,553	57,907	4,573	3,701
Accrued income	370	108	24	7
Prepaid taxes	7,285	7,880	466	504
Prepayments to suppliers	27,538	12,612	1,760	806
<b>Total other receivables and prepayments</b>	<b>229,007</b>	<b>129,663</b>	<b>14,636</b>	<b>8,287</b>

Receivables from the parent and other group companies comprise receivables related to the performance of construction contracts. Receivables from associates comprise loan receivables and associated interest accruals, and accounts receivable. Miscellaneous receivables represent construction contract retentions receivable in 2007. Due from customers for contract work is related to accounting for construction work in progress. Prepaid taxes consists of prepaid VAT and prepayments include mainly prepaid insurance premiums.

**NOTE 4. Inventories**

In thousands	EEK		€	
	30 Sept 2007	31 Dec 2006	30 Sept 2007	31 Dec 2006
Raw and other materials	81,033	36,204	5,179	2,314
Work in progress	297,441	111,625	19,010	7,134
Property held for resale	99,051	124,355	6,331	7,947
<b>Total inventories</b>	<b>477,525</b>	<b>272,184</b>	<b>30,519</b>	<b>17,395</b>

Raw and other materials of 81,033,000 kroons (€5,179,000) comprise mostly materials acquired for construction projects. Work in progress comprises the costs related to construction contracts in progress at the balance sheet date (the costs incurred in respect of apartment houses under construction) of 297,441,000 kroons (€19,010,000). Property held for resale comprises registered immovable properties of 99,051,000 kroons (€6,331,000) acquired for residential construction purposes.

**NOTE 5. Long-term investments**

In thousands	EEK		€	
	30 Sept 2007	31 Dec 2006	30 Sept 2007	31 Dec 2006
Investments in associates	32,603	21,193	2,084	1,354
Long-term receivables from associates	10,072	17,458	644	1,116
Other investments	5,706	300	365	19
Long-term trade receivables	5,813	5,812	372	371
Other long-term receivables	6,238	9,381	399	600
<b>Total long-term investments</b>	<b>60,432</b>	<b>54,144</b>	<b>3,862</b>	<b>3,460</b>

In July 2007, TOV Eurocon Ukraine sold its 50% shareholding in the associate TOV Eurobeton for 2,050,000 kroons (€131,000). Transaction gains of 1,448,000 (€93,000) have been recognised in financial income. .

On 3 August 2007, a subsidiary in which the Group's interest is 52% acquired a 66% stake in OÜ DSN Ehitusmasinad. The investment cost 10,000,000 kroons (€639,000). By 30 September 2007, 6,000,000 kroons (€383,000) of the price had been paid; the remaining 4,000,000 will be paid before the end of 2007.

**The associate's net assets at the date of acquisition**

<b>In thousands of kroons</b>	<b>Recognised values (66%)</b>	<b>Carrying amounts</b>
Cash and cash equivalents	376	569
Receivables and prepayments	3,435	5,205
Property, plant and equipment	820	1,243
Current liabilities	-2,247	-3,405
Non-current liabilities	-168	-254
<b>Net identifiable assets and liabilities</b>	<b>2,216</b>	<b>3,358</b>
<b>Goodwill on acquisition</b>	<b>7,784</b>	
<b>Cost</b>	<b>10,000</b>	
Consideration paid, satisfied in cash	-6,000	

Long-term receivables from associates comprise loans given and accrued interest due from Technopolis-2 and European House. The loan to OÜ Kastani Kinnisvara of 4,500,000 kroons (€288,000) has been reclassified to current assets.

Other investments include the subsidiary TOV Eurocon Ukraine's 10% investment in the Ukrainian company European House. The investment is stated at cost because its fair value cannot be measured reliably. In



February 2007, the entity's share capital was increased with an additional contribution of 4,036,000 kroons (€258,000). The ownership interest remained 10%.

#### NOTE 6. Property, plant and equipment and intangible assets

In thousands	EEK			€		
	Property, plant and equipment	Intangible assets	Total	Property, plant and equipment	Intangible assets	Total
Carrying amount at 31 December 2006	223,674	165,036	388,710	14,296	10,548	24,844
Additions	100,002	4,254	104,256	6,391	272	6,663
Disposals	-32,382	0	-32,382	-2,070	0	-2,070
Depreciation / amortisation for the period	-44,808	-1,811	-46,619	-2,864	-116	-2,980
Depreciation / amortisation on disposals	20,843	0	20,843	1,332	0	1,332
Effect of movements in exchange rates	-331	0	-331	-21	0	-21
Carrying amount at 30 September 2007	266,998	167,479	434,477	17,064	10,704	27,768

Additions include mainly road construction equipment.

The cost of assets acquired with finance lease during the first nine months of 2007 amounts to 78,751,000 kroons (€4,932,000).

#### NOTE 7. Finance and operating leases

In thousands	EEK		€	
	30 Sept 2007	31 Dec 2006	30 Sept 2007	31 Dec 2006
<b>Finance lease liability</b>				
Payable in less than one year	38,750	37,397	2,477	2,390
Payable between one and five years	96,466	66,751	6,165	4,266
<b>Total</b>	<b>135,216</b>	<b>104,148</b>	<b>8,642</b>	<b>6,656</b>
Principal payments made during the period	47,942	27,357	3,064	1,748
Interest payments made during the period	4,534	1,943	299	124
Base currency €	131,952	103,264	8,433	6,600
Base currency UAH	3,264	884	209	56
Settlement terms	Monthly	Monthly	Monthly	Monthly
Interest rate in Estonia	3.0%-8.0%	3.0%-8.0%	3.0%-8.0%	3.0%-8.0%
Interest rate in Ukraine	10%-12%	10%-12%	10%-12%	10%-12%

Operating lease rentals paid for: In thousands	EEK		€	
	30 Sept 2007	31 Dec 2006	30 Sept 2007	31 Dec 2006
Cars	11,281	12,617	721	806
Construction equipment	24,213	16,390	1,547	1,048
Premises	5,727	4,403	366	281
Software	5,024	5,943	321	380
<b>Total operating lease rentals paid</b>	<b>46,245</b>	<b>39,353</b>	<b>2,956</b>	<b>2,515</b>

**NOTE 8. Interest-bearing loans and borrowings**

In thousands	EEK		€	
	30 Sept 2007	31 Dec 2006	30 Sept 2007	31 Dec 2006
Short-term bank loans	49,496	13,994	3,163	894
Current portion of long-term bank loans	42,453	18,638	2,713	1,191
Finance lease liabilities	38,750	37,397	2,477	2,390
<b>Total current loans and borrowings</b>	<b>130,699</b>	<b>70,029</b>	<b>8,353</b>	<b>4,476</b>
Long-term bank loans	175,395	129,266	11,210	8,262
Finance lease liabilities	96,466	66,751	6,165	4,266
<b>Total non-current loans and borrowings</b>	<b>271,861</b>	<b>196,017</b>	<b>17,375</b>	<b>12,528</b>

On 5 February 2007, OÜ Eurocon took a short-term loan from Hansapank. The loan of 10,000,000 kroons (€39,000) was taken to refinance a prior loan of 4,100,000 kroons (€62,000).

On 21 March 2007, AS Linnahitus entered into a loan agreement with Sampo Pank. According to the agreement, the limit of the loan is 140,000,000 kroons (€948,000), annual interest rate is 4.659% and final settlement date is 21 March 2009. At 30 September 2007, 104,162,000 kroons (€657,000) of the limit was in use.

**NOTE 9. Other payables and advances received**

In thousands	EEK		€	
	30 Sept 2007	31 Dec 2006	30 Sept 2007	31 Dec 2006
Payables to the parent and other group companies	15,999	42,192	1,023	2,697
Payables to associates	66	33	4	2
Payables to employees	97,945	73,258	6,260	4,682
Progress payments received in excess of contract work completed	151,080	175,370	9,656	11,208
Accrued expenses	4,748	10,403	303	665
Miscellaneous payables	194,791	77,988	12,449	4,984
Customer advances for goods and services	20,658	25,575	1,320	1,635
<b>Total other payables and advances received</b>	<b>485,287</b>	<b>404,819</b>	<b>31,015</b>	<b>25,873</b>

Payables to employees comprise remuneration and bonuses payable and accrued vacation pay liabilities. Accrued expenses include unpaid loan interest of 4,748,000 kroons (€303,000) which is not due yet.

Progress payments received in excess of contract work completed is related to the accounting for construction contracts and comprises the difference between progress billings and contract revenue recognised by reference to the stage of completion of contract activity.

**NOTE 10. Provisions**

In thousands	EEK		€	
	30 Sept 2007	31 Dec 2006	30 Sept 2007	31 Dec 2006
Current portion of warranty provisions	10,633	4,511	680	288
Non-current portion of warranty provisions	1,697	1,885	108	120
<b>Total warranty provisions</b>	<b>12,330</b>	<b>6,396</b>	<b>788</b>	<b>408</b>

**NOTE 11. Equity**

**Shares and share premium**

According to the Articles of Association, the minimum and maximum authorised share capital of AS Eesti Ehitus amount to 120,000,000 kroons (€7,669,000) and 480,000,000 kroons (€30,677,000) respectively. Share capital consists of ordinary shares with a par value of 10 kroons each.

On 7 June 2007, outstanding share capital was increased by 153,783,000 kroons (€9,829,000) through a bonus issue of 15,378,000 new ordinary registered shares with a par value of 10 kroons each. The bonus issue was performed using share premium of 108,465,000 kroons (€6,932,000) and retained earnings of 45,318,000 kroons (€2,896,000). Each shareholder's stake in the company's share capital increased in proportion to the par value of the shareholder's shares. All new shares entitle the holder to dividends declared for periods beginning on or after 1 January 2007.

**Dividends**

Based on the resolution of the shareholders' general meeting, on 11 June shareholders were distributed a dividend of 3 kroons (€0.19) per share, i.e. 46,135,000 (€2,949,000) in aggregate.

**Earnings per share**

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period, both adjusted for the effects of all dilutive equity instruments.

The weighted average number of shares has been found considering the effect of the bonus issue.

	Unit	EEK		€	
		9 months 2007	2006	9 months 2006	2006
Profit for the period	In thousands of currency units	196,310	175,003	12,546	11,185
Weighted average number of shares	In thousands	30,757	30,757	30,757	30,757
Basic earnings per share		6.38	5.69	0.41	0.36
Diluted earnings per share		6.38	5.69	0.41	0.36

AS Eesti Ehitus has not issued any share options or other convertible instruments. Therefore, diluted earnings per share equal basic earnings per share.

**NOTE 12. Interests in joint ventures**

The Group is involved in the rehabilitation of Tallinn Airport airside area. The project is under the joint control of three parties. By nature, the contract is a civil law partnership contract. The Group's share in the profit of the contract is one third. Each party is responsible for the delivery and risks of the contract to the extent of its share in the venture. The penalty for a deliberate breach of contract is 100,000 euros.

In addition, the Group participates in the construction of the Vaida-Aruvalla road section under a civil law partnership contract. The project is under the joint control of four parties. The Group's share in the profit of the contract is one fourth. Each party is responsible for the delivery and risks of the contract to the extent of its share in the venture.

In thousands	EEK	€	EEK	€
<b>9 months or 30 Sept 2007</b>				
	Rehabilitation of airport airside area		Vaida-Aruvalla road section	
Income	80,254	5,129	55,476	3,546
Including the reporting period	68,460	4,375	55,476	3,546
Expenses	71,185	4,550	48,074	48,074
Including the reporting period	60,168	3,845	48,074	48,074
Receivables	52,856	3,378	87,165	5,571
Including from venture partners	0	0	60,647	3,876
Payables	47,811	3,056	83,506	5,337
Including to venture partners	0	0	45,031	2,878

**NOTE 13. Segment reporting**

The Group's primary segment reporting format is business segments. Inter-segment pricing is determined, in all material respects, on an arm's length basis.

**Business segments**

In thousands of kroons	Residential and non-residential		Civil engineering		Eliminations		Consolidated	
	<b>For the first nine months of the year</b>							
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Construction contract revenue	1,361,617	955,634	1,271,930	744,622	0	0	2,633,547	1,700,256
Other revenue	13,202	32,862	12,666	31,805	0	0	25,868	64,667
Total revenue from external customers	1,374,819	988,496	1,284,596	776,427	0	0	2,659,415	1,764,923
Inter-segment revenue	136,819	71,390	143,221	8,828	-280,040	-80,218	0	0
Total revenue	1,511,638	1,059,886	1,427,817	785,255	-280,040	-80,218	2,659,415	1,764,923
Segment result	208,573	102,027	138,349	90,063	0	0	346,922	192,090
Unallocated expenses	0	0	0	0	0	0	-115,919	-49,925
Operating profit	0	0	0	0	0	0	231,003	142,165
Net financial items	0	0	0	0	0	0	-6,094	-9,308
Profit / loss of equity accounted investees	339	-1580	1,013	0	0	0	1,352	-1,580
Income tax expense	0	0	0	0	0	0	-17,426	-15,426
Profit for the period							208,835	115,851
Segment assets	1,247,223	819,495	732,176	574,771	0	0	1,979,399	1,394,266
Investments in associates	30,270	6,001	2,333	0	0	0	32,603	6,001
Total assets							2,012,002	1,400,267
Segment liabilities	405,316	399,900	547,331	307,904	0	0	952,647	752,933
Warranty liabilities	10,346	2,619	1,984	1,768	0	0	12,330	4,387
Unallocated liabilities	0	0	0	0	0	0	402,560	247,345
Total liabilities							1,367,537	1,004,665
Cash flows from:								
Operating activities	9,053	61,466	37,697	-28,569	-18,028	1,069	28,722	33,966
Investing activities	16,456	-138,108	-13,365	-24,645	5,816	100,443	8,907	-62,310
Financing activities	8,491	70,836	-40,618	6,661	-5,816	-100,443	-37,943	-22,946
Net cash flows	34,000	-5,806	-16,286	-46,553	-18,028	1,069	-314	-51,290
Capital expenditure	23,474	14,027	80,782	29,527	0	0	104,256	43,284
Depreciation and amortisation expense	6,788	3,601	39,831	19,666	0	0	46,619	23,267

Business segments (continued) In thousands of euro	Residential and non-residential		Civil engineering		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>For the first nine months of the year</b>								
Construction contract revenue	87,023	61,076	81,291	47,590	0	0	168,314	108,666
Other revenue	844	2,100	810	2,033	0	0	1,653	4,133
Total revenue from external customers	87,867	63,176	82,101	49,623	0	0	169,968	112,799
Inter-segment revenue	8,744	4,563	9,153	564	-17,898	-5,127	0	0
<b>Total revenue</b>	<b>96,611</b>	<b>67,739</b>	<b>91,254</b>	<b>50,187</b>	<b>-17,898</b>	<b>-5,127</b>	<b>169,968</b>	<b>112,799</b>
Segment result	13,330	6,521	8,842	5,756	0	0	22,172	12,277
Unallocated expenses	0	0	0	0	0	0	-7,409	-3,191
Operating profit	0	0	0	0	0	0	14,764	9,086
Net financial items	0	0	0	0	0	0	-389	-595
Profit / loss of equity accounted investees	22	-101	65	0	0	0	86	-101
Income tax expense	0	0	0	0	0	0	-1,114	-986
<b>Profit for the period</b>							<b>13,347</b>	<b>7,404</b>
Segment assets	79,712	52,375	46,794	36,735	0	0	126,506	89,110
Investments in associates	1,935	384	149	0	0	0	2,084	384
<b>Total assets</b>							<b>128,590</b>	<b>89,493</b>
Segment liabilities	25,905	25,558	34,981	22,563	0	0	60,886	48,121
Warranty liabilities	661	167	127	113	0	0	788	281
Unallocated liabilities	0	0	0	0	0	0	25,728	15,808
<b>Total liabilities</b>							<b>87,402</b>	<b>64,210</b>
Cash flows from:								
Operating activities	579	3,928	2,409	-1,826	-1,152	68	1,836	2,171
Investing activities	1,052	-8,827	-855	-1,575	372	6,419	569	-3,982
Financing activities	543	4,527	-2,596	426	-372	-6,419	-2,425	-1,467
<b>Net cash flows</b>	<b>2,174</b>	<b>-371</b>	<b>-1,042</b>	<b>-2,975</b>	<b>-1,152</b>	<b>68</b>	<b>-21</b>	<b>-3,278</b>
Capital expenditure	1,500	896	5,163	1,870	0	0	6,663	2,766
Depreciation and amortisation expense	434	230	2,546	1,257	0	0	2,980	1,487

Unallocated liabilities include loans and borrowings.

#### NOTE 14. Cost of sales

In thousands	EEK		€	
	9 months 2007	9 months 2006	9 months 2007	9 months 2006
Depreciation and amortisation expense	43,934	21,631	2,808	1,382
Personnel expenses	220,481	126,540	14,091	8,087
Cost of materials, goods and services used	2,032,376	1,418,074	129,893	90,631
Other expenses	15,702	6,587	1,003	422
<b>Total cost of sales</b>	<b>2,312,493</b>	<b>1,572,832</b>	<b>147,795</b>	<b>100,522</b>

**NOTE 15. Administrative expenses**

In thousands	EEK		€	
	9 months 2007	9 months 2006	9 months 2007	9 months 2006
Depreciation and amortisation expense	2,685	1,636	172	105
Personnel expenses	76,688	43,937	4,901	2,808
Cost of materials, goods and services used	32,870	25,659	2,101	1,640
Other expenses	6,373	2,946	407	188
<b>Total administrative expenses</b>	<b>118,616</b>	<b>74,178</b>	<b>7,581</b>	<b>4,741</b>

**NOTE 16. Other operating income and expenses**

In thousands	EEK		€	
	9 months 2007	9 months 2006	9 months 2007	9 months 2006
<b>Other operating income</b>				
Gains on sale of property, plant and equipment	7,047	6,842	450	437
Gains on sale of real estate	0	19,205	0	1,227
Foreign exchange gains	126	19	8	1
Other income	1,451	963	93	62
<b>Total other operating income</b>	<b>8,624</b>	<b>27,029</b>	<b>551</b>	<b>1,727</b>

In thousands	EEK		€	
	9 months 2007	9 months 2006	9 months 2007	9 months 2006
<b>Other operating expenses</b>				
Impairment of property, plant and equipment	1,971	11	126	1
Sponsoring, membership fees	1,810	2,020	116	129
Foreign exchange losses	218	131	14	8
Losses from doubtful and irrecoverable receivables	0	23	0	1
Other expenses	1,928	592	123	38
<b>Total other operating expenses</b>	<b>5,927</b>	<b>2,777</b>	<b>379</b>	<b>177</b>

**NOTE 17. Financial income and expenses**

In thousands	EEK		€	
	9 months 2007	9 months 2006	9 months 2007	9 months 2006
<b>Financial income</b>				
Gains on sale of shares in associates	6,309	0	403	0
Other financial income	8,589	4,829	549	309
Foreign exchange gains	1,466	0	94	0
<b>Total financial income</b>	<b>16,364</b>	<b>4,829</b>	<b>1,046</b>	<b>309</b>

**Financial expenses**

In thousands	EEK		€	
	9 months 2007	9 months 2006	9 months 2007	9 months 2006
Interest expense	15,338	12,896	980	825
Other financial expenses	50	0	3	0
Foreign exchange losses	7,070	1,241	452	79
<b>Total financial expenses</b>	<b>22,458</b>	<b>14,137</b>	<b>1,435</b>	<b>904</b>

**NOTE 18. Income tax expense**

In thousands	EEK		€	
	9 months 2007	9 months 2006	9 months 2007	9 months 2006
Income tax on dividends paid	16,397	10,801	1,048	690
Income tax on profit earned	1,029	4,625	66	296
<b>Total income tax expense</b>	<b>17,426</b>	<b>15,426</b>	<b>1,114</b>	<b>986</b>

**NOTE 19. Transactions with related parties**

For the purposes of these financial statements, parties are related if one controls the other or exerts significant influence on the other's business decisions. Related parties include:

1. AS Nordecon (the parent of AS Eesti Ehitus) and its controlling shareholders
2. The subsidiaries and associates of AS Eesti Ehitus
3. Other companies of AS Nordecon Group
4. Members of the company's board and council and individual shareholders whose interest is significant, except where the above cannot exert significant influence on the company's business decisions. Related parties also include close family members of and companies related to the above.

In the preparation of the consolidated interim financial statements, all intra-group receivables and liabilities, intra-group transactions, and related unrealised gains and losses were eliminated.

**During the reporting period, Group entities performed purchase and sales transactions with related parties in the following volumes.**

In thousands	EEK		€	
	Purchases	Sales	Purchases	Sales
<b>Transactions performed in the reporting period</b>				
AS Nordecon	16,028	604	1,024	39
Subsidiaries of AS Nordecon	2,000	201,387	128	12,871
Companies related to a member of the council of AS Eesti Ehitus	1,316	9,232	84	590
<b>Total</b>	<b>19,344</b>	<b>211,223</b>	<b>1,236</b>	<b>13,500</b>

In thousands	EEK		€	
	Purchases	Sales	Purchases	Sales
<b>Substance of transactions performed</b>				
Construction contracts	0	210,677	0	13,465
Goods	0	546	0	35
Leases and other services	19,344	0	1,236	0
<b>Total</b>	<b>19,344</b>	<b>211,223</b>	<b>1,236</b>	<b>13,500</b>



**At period end, receivables from and liabilities to related parties broke down as follows:**

In thousands	EEK				€			
	30 Sept 2007		30 Sept 2006		30 Sept 2007		30 Sept 2006	
	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
AS Nordecon	1	2,372	12	1,996	0	152	1	128
Subsidiaries of AS Nordecon	31,481	13,627	6,672	5	2,012	871	426	0
Companies related to a member of the council of AS Eesti Ehitus	1,003	0	3,459	0	64	0	221	0
Associates	33,304	66	23,422	101	2,129	4	1,497	6
<b>Total</b>	<b>65,789</b>	<b>16,065</b>	<b>33,565</b>	<b>2,102</b>	<b>4,205</b>	<b>1,027</b>	<b>2,145</b>	<b>134</b>

In the first nine months of 2007, the remuneration of the members of the council of AS Eesti Ehitus Group amounted to 810,000 kroons (€52,000) and the remuneration of the members of the board of AS Eesti Ehitus amounted to 7,722,000 kroons (€493,500).






**NOTE 20. Subsequent events**

On 19 October 2007, AS Eesti Ehitus signed a contract under which AS Eesti Ehitus will purchase from 15 individuals and one company a total of 5,203 shares in AS Eston Ehitus (52% of the entity's share capital).

The purpose of the acquisition is to implement AS Eesti Ehitus' development strategy in the home market and to enhance competitiveness in all major areas of operation across the country. The financials of AS Eston Ehitus will be consolidated line by line as of the date of acquisition. Consequently, AS Eston Ehitus' prior results will not affect the consolidated financial statements of AS Eesti Ehitus.

## Signatures

The board of AS Eesti Ehitus has prepared the company's consolidated interim financial statements for the third quarter and the first nine months of 2007 which are presented on pages 3 to 25.

Jaano Vink	Chairman of the Board		31.10.2007
Sulev Luiga	Member of the Board		31.10.2007
Erkki Suurorg	Member of the Board		31.10.2007
Avo Ambur	Member of the Board		31.10.2007
Priit Pluutus	Member of the Board		31.10.2007